

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1879 - SB 2497

February 9, 2016

**SUMMARY OF BILL:** Establishes a course access program which authorizes all Tennessee students to take courses not offered at their school or local education agency (LEA) from online education providers, other schools or districts, education service agencies, colleges, or vocational providers. Authorizes students to enroll in any approved course access program courses, as determined by their LEA. Authorizes students to enroll in two state program access courses unless a student is approved to take additional courses by their LEA beginning in the 2017-2018 academic year. Authorizes students' families to enroll students in additional courses exceeding the two-course limit; however such students shall be responsible for paying the state or LEA the required tuition and fees for all courses exceeding the two-course limitation.

Requires the Department of Education (DOE) to run the program which includes authorizing new courses and establishing a process for course providers to submit new courses at least once each academic year. Specifies the requirements to become an authorized course provider. Requires the initial authorization for providers and courses to be a part of the program to be three years. Requires approved course providers to submit certain information to the DOE annually.

Specifies the requirements for course providers to be renewed after the initial three year period. Authorizes DOE to deny approval to such providers. Requires DOE to maintain information on the state's access program on its website. Requires LEAs to provide written notification to students and parents regarding the availability of courses; the deadlines for enrollment; and other information. Requires credits for course access programs that are passed to appear on the student's transcript and requires such credits to count toward the requirements to receive a high school diploma. Requires performance data for students who enroll in a course access program to be counted as part of the state's student achievement data.

Requires the tuition rate for each course and course provider to be set at a rate to be negotiated by the DOE and the course provider. Requires tuition to include all fees and courses materials. Requires course payments be made by the DOE on behalf of the LEA in which the participating student resides. Authorizes LEAs to pay for transportation for students enrolled in course access program courses. Requires course providers to receive 50 percent of the total tuition amount upon a student's enrollment and 50 percent upon the student's successful completion of the course.

## **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$596,400/FY16-17**

**\$4,396,400/FY17-18**

**\$6,396,400/FY18-19**

**Exceeds \$8,396,400/FY19-20 and Subsequent Years**

Assumptions relative to technology and personnel expenditures:

- The DOE will develop new website applications and a database to house program information and compile program data. Based on expenditures for other DOE projects, the one-time increase in state expenditures for technology is estimated to be \$200,000.
- DOE will hire new personnel, including contracted reviewers, in FY16-17 in order to prepare the program to open in the fall of FY17-18. DOE will require five new positions to oversee the program: a program director; three education consultants; and one administrative assistant.
- The recurring increase in state expenditures for salary, benefits, and annual miscellaneous expenditures for the program director is estimated to be \$101,800 (\$79,300 + \$18,500 benefits + \$4,000).
- The recurring increase in state expenditures for each education consultant 2 position is estimated to be \$80,800 (\$66,300 salary + \$13,500 benefits + \$1,000); a total recurring increase in state expenditures of \$242,400 (\$80,800 x 3).
- The recurring increase in state expenditures for salary and benefits for one administrative assistant is estimated to be \$46,200 (\$39,200 + \$7,000 benefits).
- The DOE will also contract with six application reviewers each year at an estimated cost of \$1,000 per reviewer; a recurring increase in state expenditures of \$6,000 (6 x \$1,000).
- The total recurring increase in state expenditures for new DOE full-time and part-time contracted personnel is estimated to be \$396,400 (\$101,800 + \$242,400 + \$46,200 + \$6,000).

Assumptions relative to student participants and course expenditures:

- Based on information from DOE, the estimated number of student participants will be 5,000 in FY17-18; 7,500 in FY18-19; and a number exceeding 10,000 in FY19-20 and subsequent years.
- Each participating student is estimated to take two courses each year at a cost of \$400 per course; a total cost of \$800 per student.
- The state will pay a minimum of two courses per participating student annually beginning in FY17-18.
- The recurring increase in state expenditures for course tuition for participating students is estimated to be \$4,000,000 (\$800 x 5,000) in FY17-18; \$6,000,000 (\$800 x 7,500) in FY18-19; and an amount exceeding \$8,000,000 (\$800 x 10,000) in FY19-20 and subsequent fiscal years.

Assumptions relative to total state and local expenditures:

- The total increase in state expenditures is estimated to be \$596,400 (\$396,400 + \$200,000) in FY16-17; \$4,396,400 (\$396,400 + \$4,000,000) in FY17-18; \$6,396,400 (\$396,400 + \$6,000,000) in FY18-19; and an amount exceeding \$8,396,400 (\$396,400 + 8,000,000) in FY19-20 and subsequent years.
- LEAs will not provide transportation to participating students if such provision will significantly increase local expenditures.
- LEAs will not choose to adopt their own course access program outside of the DOE program.
- The State Board of Education will promulgate rules and regulations in the normal course of Board meetings.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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